



# Contract Management in Financial Services



There are five key components of an end-to-end Contract Management strategy:

Automated contract creation

Secure contract negotiation

Electronic contract repository

Automatic upload of relevant contract data to back-end systems

Generation of proactive management reports and alerts to encourage compliance to committed contract terms and conditions

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# Providing Full Lifecycle Support for all Contract Management

With Livelink ECM – eDOCS™ for Contract Management, financial institutions are able to streamline the contract creation and approval process, improve financial and contractual performance from clients and suppliers, maximize revenue performance by managing compliance, and increase operational efficiency.

## Business Challenge

In the financial services industry, as with any industry, it is estimated that 80% of business-to-business transactions are underpinned by legally binding contracts and agreements. Many of these contracts contain clauses, terms, conditions, commitments and milestones that need to be tracked and managed over the contract lifecycle. In order to maximize business benefits and minimize associated risks, organizations need to actively manage their contracts during the agreement period rather than concluding contract management practices upon execution.

Further, financial institutions are faced with an increasing level of complexity brought on by new regulatory and compliance requirements that affect these contracts and contractual relationships.

The ability of a financial institution to be proactive in the management of its contracts and the relationships around them is critical to its viability and growth. Financial institutions can drive value by employing technology solutions that provide a deeper and more contextualized understanding of the risks, obligations and benefits associated with each contractual relationship. Whether it is a commercial loan, an initial public offering or service contract, financial institutions face challenges in managing these relationships. It is the management of the contract during its entire lifecycle, from inception to creation, execution through to servicing, which can provide a significant time and cost savings. The ability to store electronic copies of these contracts in a managed repository is also key to providing rapid secure access that leads to fast, informed decision making, and the leveragability and repurposing of content.

## Where are the Contracts?

Business agreements in a financial institution exist in every operational and support area of the organization. In many cases, the contracts are stored as paper copies and are often not referenced during the life of the contract resulting in an increased risk of non-performance to the financial institution.

Complex contract documents, such as commercial lending or financing can be very high value, long term in nature and contain many conditions and provisions for payments. What is overlooked, or managed with high resource cost, is the overall performance of the client with respect to the contractual obligations. Therefore, most institutions are not able to assemble a comprehensive picture of client performance and associated risk factors.

Other areas, such as mortgage origination and processing, leasing, trust and private banking, can all have complex document assembly and contractual issues — all of which have to be created, reviewed and processed for approval, as well as meet complex regulatory requirements for archival, review, reference and further processing.

### Where Should the Contract Be?

Complex loans and deals that are constructed from a large number of documents must be created, received, reviewed, managed and moved across the department or organization to effectively review and decision the application and define the proposed overall lending structure. These documents need to be assembled into a managed folder as part of a overall managed repository solution with access security, document workflow, capture of new documents whether generated internally or received as faxes or e-mails, and also should include any instant messaging content, as the review and decision process occurs.

Livelink ECM – eDOCS for Contract Management provides a controlled environment to manage contracts along with outstanding integration with ERP and CRM systems already deployed to integrate the entire document and contract process throughout the lending environment.

Another contract aspect that affects the financial services industry is the ability to manage information technology (IT) related services. Financial institutions rely heavily on their IT infrastructure — where millions of dollars can be spent each year. The creation, execution and management of procurement and service contracts is a significant time and resource investment. In fact, the cost to manage ongoing contractual relationships can be a financial burden unless solutions specific to managing these relations are put in place.

Many other business, operations and support areas, for example, trust, private banking, correspondence and investor services, rely heavily on contractual business relationships. Livelink ECM – eDOCS for Contract Management delivers outstanding value by reducing the costs associated with managing these documents from authoring, through to repository management, secure on-line negotiations, regulatory compliance, and performance reporting.

### Livelink ECM – eDOCS for Contract Management

Livelink ECM – eDOCS for Contract Management is designed to provide full lifecycle support for all contract management functionality.

- Rapid on-line creation of pro forma documents, loan-related documents and other financial contracts
- On-line, secure contract negotiations that accelerate the approval process for complex M&A transactions along with the simpler loan transaction
- Integration with back-office financial systems that enable lending officers and staff to view and have immediate access to critical information during client interactions
- On-line contracts access that improves customer relations and leads to faster loan approvals and ultimately maximizing revenue opportunities
- Automated notification of contract renewal to protect against the ‘evergreening’ of contracts that will prevent unnecessary costs
- Contract archival of closed loans to meet regulatory requirements
- Contract Performance Management to ensure that the conditions of a contract are met



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With Livelink ECM – eDOCS for Contract Management, financial institutions are able to streamline the contract creation and approval process, improve financial and contractual performance from clients and suppliers, maximize revenue performance by managing compliance, and increase operational efficiency. Typical improvement gains can include reduced operating costs, shortened negotiation cycles, stronger compliance with internal or external policies and regulations, reduced human resource investment and increased revenues.



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